



Department
for Work &
Pensions

Framework Document Between

The Department for Work and Pensions and The Health and Safety Executive

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The DWP/ HSE Framework Document

This framework document has been drawn up by Department for Work and Pensions (DWP) in consultation with the Health and Safety Executive (HSE). This document sets out the broad framework within which HSE will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by DWP and HSE. Copies of the document have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the HSE website.

This framework document will apply from the date of signature and will be reviewed as necessary.

1. Introduction and HSE's purpose

- 1.1 The Health and Safety Executive is an Executive Non-Departmental Public Body (NDPB) of the DWP.
- 1.2 HSE's mission is to prevent death, injury and ill-health to workers and others affected by work activities in Great Britain.
- 1.3 HSE is the independent regulator for Great Britain only; however, it liaises with and provides support to the Northern Ireland Executive and HSE Northern Ireland on occupational health and safety matters. HSE supports DWP's strategic aims by reducing work-related injury and ill-health, thereby helping people to remain in work and lead fuller working lives. It also supports the strategic aims of other Government Departments and the Devolved Administrations including:
 - Delivering sustainable and secure energy to the UK;
 - Helping people live better for longer and sustain their health;
 - Protecting the environment;
 - Encouraging growth; and
 - Reducing the impact of regulation on businesses.
- 1.4 HSE's strategic focus over the next three to five years is set out in sector and cross-cutting thematic plans. These cover 19 industry sectors, eight of which are priority sectors for HSE, and three themes on work-related ill health. They all reflect the direction set in HSE's strategy [Helping Great Britain work well](#).

Governance and accountability

2. HSE's legal origins of powers and duties

- 2.1 HSE is established under section 10 of the Health and Safety at Work etc. Act 1974 (HSWA), as amended. Its primary functions, powers and duties stem from Sections 11, 13, 14, 16, 18, 19, 26, 27, 56 and 59 and Schedule 2 of HSWA and subordinate legislation made under it.
- 2.2 HSE also exercises certain statutory powers and duties conferred on the Secretary of State, by virtue of agreements entered into under section 13(4) of HSWA. These agreements are listed on HSE's website.

2.3 New primary legislation amending the HSWA is a matter for the DWP Secretary of State, or another Secretary of State in consultation with the DWP Secretary of State and Ministers; it is not within HSE's specific statutory functions under the HSWA to propose it. Where changes to health and safety secondary legislation under HSWA are required, HSE does not have power to make its own legislation. Instead, the HSE Board must submit proposals to the Secretary of State for the making of regulations under any of the relevant statutory provisions.

2.4 HSE's primary statutory duties are to:

- Propose and set necessary standards for health and safety performance, including submitting proposals to the relevant Secretary of State for health and safety regulations and codes of practice;
- Secure compliance with these standards, including making appropriate arrangements for enforcement;
- Make such arrangements as it considers appropriate for the carrying out of research and for the publication of the results of research and for encouraging research by others;
- Make such arrangements as it considers appropriate for the provision of an information and advisory service, ensuring relevant groups are kept informed of and adequately advised on matters related to health and safety; and
- Provide Ministers on request with information and expert advice.

3. Overall aims

3.1 The Secretary of State for Work and Pensions (henceforth "the Secretary of State") has agreed HSE's strategic aims should be to:

- Lead and engage with others to improve health and safety in the workplace;
- Provide an effective regulatory framework;
- Secure effective management and control of risk;
- Reduce the likelihood of low frequency, high-impact catastrophic incidents; and
- Manage its resources efficiently and effectively.

4. Ministerial responsibility

4.1 The Secretary of State is accountable to Parliament for matters relating to HSE. The Secretary of State has empowered a DWP Minister to act on their behalf in relation to health and safety issues and account for HSE's performance to Parliament, including its use of resources and the policy framework within which HSE operates.

4.2 The Secretary of State's powers, set out in the HSWA, sections 12 & 15 and Schedule 2, are to:

- Approve HSE proposals for health and safety regulations, with or without modifications, before making them and laying them before Parliament;

- Make health and safety regulations independently of HSE proposals, having consulted HSE and other relevant bodies;
 - Give or withhold consent to Approved Codes of Practice, which HSE proposes to approve and issue;
 - Direct HSE in relation to its functions and in the interests of safety. However, this power cannot be used for:
 - An intervention in any particular enforcement case; and
 - Conferring new functions on HSE.
- 4.3 The Secretary of State has responsibility for appointing the HSE Chair and other Board members in accordance with Schedule 2 of the HSWA and must agree their remuneration and terms and conditions, and any changes to those arrangements.
- 4.4 The responsible Minister will typically meet the HSE Chair and/or Chief Executive (CE) quarterly or when business needs dictate.
- 4.5 HSE's functions may extend beyond the responsibilities for the Secretary of State for Work and Pensions where administrative arrangements have been made (see para. 2.2), and other Secretaries of State may account to Parliament for the relevant aspects of HSE's activity.

5. Contact and engagement

- 5.1 DWP is responsible for ensuring that HSE has necessary governance arrangements in place to assure the effectiveness and efficiency of HSE.
- 5.2 The Arm's Length Bodies (ALB) Partnership Division and HSE will conduct the partnering relationship in accordance with the principles of purpose, assurance, value and engagement set out in "Partnerships between Departments and Arm's Length Bodies: Code of Good Practice."
- 5.3 There is a shared responsibility between DWP and HSE for ensuring a healthy relationship and satisfactory dialogue, at the appropriate levels, across the various interfaces. This includes ensuring effective links with professional leads in functional areas, such as finance and human resources.
- 5.4 DWP and HSE will complete any Annual Assurance Assessment or equivalent commission to establish the effectiveness of the partnership arrangements and assess the levels of risk and opportunity that HSE presents to DWP across a suite of risk categories.
- 5.5 In addition to routine and policy lead contact between DWP and HSE:
- The DWP Permanent Secretary will meet with the HSE Chair three to four times per year to provide direct high-level engagement between DWP and HSE; and
 - The DWP Director General, Policy Group, will meet with the HSE CE typically twice per year to discuss issues of mutual interest.
- 5.6 In the case of disputes between HSE and DWP ALB Partnership Division:

- The DWP ALB Partnership Division's Head of Non-Pensions ALBs, Cross Cutting Issues and Public Appointments and senior HSE officials should seek to resolve the dispute in the first instance;
- If the matter is significant and cannot be resolved at that level, the DWP ALB Partnership Division Deputy Director and HSE CE will seek resolution; and
- Exceptionally, if resolution cannot be reached, discussions may take place between the Permanent Secretary and/or Ministers and the HSE Chair.

6. DWP Principal Accounting Officer's specific accountabilities and responsibilities

- 6.1 The DWP Permanent Secretary, as Principal Accounting Officer (PAO), has designated the HSE CE as HSE's Accounting Officer. The respective responsibilities of the PAO and Accounting Officers for Arm's Length Bodies (ALBs) are set out in Chapter 3 of HM Treasury's (HMT) "Managing Public Money".
- 6.2 The PAO is accountable to Parliament for the issue of any grant-in-aid to HSE and is also responsible for advising the Minister on:
- DWP's policy framework and other relevant wider strategic aims and objectives to the extent that they bear on HSE, recognising that HSE's role includes providing independent advice to the Ministers on health and safety;
 - An appropriate budget for HSE in light of DWP's overall public expenditure priorities; and
 - How well HSE is achieving its strategic aims and whether it is delivering value for money.
- 6.3 The PAO is responsible for ensuring arrangements are in place to:
- Monitor HSE's activities;
 - Address significant concerns and difficulties in HSE, making such interventions as are judged necessary;
 - Regularly carry out an assessment of the risks both to DWP and HSE's objectives and activities;
 - Inform HSE of relevant Government policy in a timely manner; and
 - Bring concerns about the activities of HSE to the HSE Board, and, as appropriate, to the DWP Board, requiring explanations and assurances that appropriate action has been taken. Exceptionally, this would include concerns where the CE, as Accounting Officer, was failing to meet his personal responsibilities as set out in section 7 below.

DWP's Arm's Length Bodies (ALB) Partnership Division

- 6.4 DWP's ALB Partnership Division is the primary departmental contact point for HSE. The ALB Partnership Division is the main source of Departmental advice to the responsible Minister and the PAO as to how their responsibilities in respect of HSE are being discharged. Core responsibilities include:

- Advising Ministers on the strategic direction and funding of HSE in the context of wider Departmental and cross-governmental objectives, alerting and consulting HSE when policies are being developed that may impact on HSE;
- Holding HSE to account for delivery of its objectives and monitoring compliance with this framework document and other relevant Government controls;
- Keeping the PAO informed about HSE activity and compliance;
- Managing the day-to-day relationship with HSE and promoting an open and transparent working relationship,
- Supporting HSE to advise Ministers on health and safety, and to feed operational insight into relevant Government policies, and acting as an advocate for HSE within DWP and wider Whitehall;
- Managing the appointment of Board members, including the Chair, on behalf of the Minister, working with the Chair to maintain a Board that has the skills needed to deliver HSE's functions;
- Securing the Secretary of State's approval for appointment of HSE Board members and agreement of remuneration arrangements and terms and conditions of the appointments;
- Arranging the annual appraisal of the performance of the HSE Chair with DWP Permanent Secretary and obtaining assurance that annual performance appraisal of Board Members is carried out;
- Holding and chairing formal Partnership Board Quarterly Accountability Review meetings (QAR) between DWP and HSE;
- Supporting HSE with the publication of corporate documentation including the Annual Report and Accounts, Business Plan and Strategy, including gaining DWP approvals; and
- Establishing and maintaining an effective working relationship with HSE and fulfilling its role as set out in this Framework Document.

7. Responsibilities of HSE's Chief Executive as Accounting Officer

General

7.1 The CE as Accounting Officer is personally responsible for:

- Safeguarding the public funds for which he or she has charge;
- Ensuring propriety, regularity, value for money and feasibility in the handling of public funds; and
- The quality of management, and that HSE is operating effectively.

7.2 In addition, the CE should ensure that HSE operates on the basis of the governance standards, decision making and financial management as set out in HMT's "Managing Public Money" and in the Accounting Officer designation letter issued by the PAO.

Responsibilities for accounting to parliament

7.3 The CE's accountabilities include:

- Signing HSE's accounts and, retaining proper records relating to these accounts and ensuring the annual accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- Preparing and signing a Governance Statement covering corporate governance, risk management and the system of internal control, for inclusion in the annual report and accounts;
- Ensuring that effective procedures for handling complaints about HSE are established and made widely known within HSE and to the public;
- Acting in accordance with the terms of this document, HMT's "Managing Public Money" and other instructions and guidance issued from time to time by DWP, HMT and the Cabinet Office; and
- Giving evidence on HSE's stewardship of public funds, normally with the PAO, when summoned before the Public Accounts Committee.

Responsibilities to DWP

7.4 The CE's particular responsibilities to DWP include:

- Assuring the PAO that HSE has adequate financial systems and procedures in place to promote efficient and economical operations and to safeguard financial propriety and regularity;
- Establishing, in agreement with DWP, HSE's strategy and business plan in the light of DWP's wider strategic aims and mutually agreed priorities;
- Informing DWP of progress against policy objectives and in demonstrating how resources are being used to achieve those objectives;
- Ensuring that:
 - Timely forecasts and monitoring information on performance and finance are provided to DWP;
 - DWP is notified promptly if over- or underspends are likely and that corrective action is taken as required; and
 - DWP is notified in a timely fashion about any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means.

Responsibilities to the HSE Board

7.5 The CE is responsible for:

- Advising the Board on how HSE's responsibilities are being discharged as set out in this document, in HSWA and in any other relevant instructions and guidance that may be issued from time to time;

- Advising the Board on HSE's performance compared with its aims and objectives. Within the limits of his authority, the CE has the responsibility for making such changes to the organisation as he considers necessary to maintain and improve the overall performance of HSE;
- Ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- Taking action as set out in HMT's "Managing Public Money" if the Board, or the Board Chair, is contemplating a course of action involving a transaction which the CE considers:
 - Would infringe the requirements of propriety or regularity; or
 - Does not represent prudent or economical administration, efficiency or effectiveness; or
 - Is of questionable feasibility; or
 - Is unethical.

7.6 The CE is supported and challenged by the HSE Board – working closely with the Chair to ensure effective governance.

8. The HSE Board

8.1 The HSE Board (the Board) should ensure that effective arrangements are in place to provide assurance on governance, risk management and internal control.

8.2 The Board is specifically responsible for:

- Establishing the strategic aims and objectives for the health and safety system in Great Britain;
- Agreeing HSE's strategic plan, ensuring it is consistent with any policy and resources framework determined by the Department and the Minister;
- Keeping the responsible Minister informed of the delivery of agreed objectives and of any changes which are likely to impact on HSE's strategic direction or on the attainability of its targets, and the steps needed to deal with such changes;
- Making sure that HSE complies with any statutory or administrative requirements for the use of public funds, including operating within the limits of its statutory and delegated authorities agreed with DWP, and any other conditions for the use of public funds including guidance issued by DWP;
- Making sure that effective measures are in place for reviewing financial information, for the Board to be made aware of any concerns about HSE's activities in a timely manner and for providing assurances to DWP that appropriate action has been taken;
- Reviewing risks and associated actions as part of monitoring performance. Assessing those risks against agreed criteria taking account of HSE's risk appetite

and, where necessary, actively seeking assurances that risks are being effectively mitigated;

- Ensuring the Audit and Risk Assurance Committee (ARAC) is run in accordance with the “Code of Good Practice for Corporate Governance”, and the “Audit and Risk Assurance Committee Handbook”, and chaired by a non-executive member, to provide independent advice and assurance on risk;
- Demonstrating high standards of corporate governance at all times, including by using the ARAC to help the Board to address key financial and other risks; and
- Appointing, with the consent of the responsible Minister, a CE and setting performance objectives for the CE which give due weight to the proper management and use of public resources. The responsible Minister will determine the terms and conditions of the CE, with remuneration linked to achieving the agreed performance objectives.

The Chair’s personal responsibilities

8.3 The HSE Chair is accountable to the responsible Minister. Communications between the HSE Board and the responsible Minister should normally be through the Chair.

8.4 The Chair has the following leadership responsibilities:

- Providing effective leadership to the Board, and taking personal responsibility for the overall success of HSE;
- Enabling a high standard of discussion and debate at Board meetings, and helping to steer HSE by facilitating collective working. Ensuring that Board members, in reaching decisions, take proper account of guidance provided by the Minister or DWP;
- Leading the development of the health and safety system’s strategy;
- Ensuring that HSE’s policies and actions support the Government’s wider strategic policies. Where appropriate, these should be clearly communicated to all HSE staff;
- Ensuring that the Board both supports the Executive team and holds it to account for HSE’s performance;
- Promoting the efficient and effective use of staff and other resources;
- Ensuring collective behaviours and high standards of regularity and propriety are delivered, in line with relevant guidance (see Appendix 1). This includes ensuring formal and rigorous annual evaluation of the Board’s performance, and that of its committees, with independent input at least every three years; and
- Representing the views of the Board to stakeholders and the general public.

8.5 The Chair also has an obligation to ensure that:

- When vacancies arise on HSE’s Board, to advise the ALB Partnership Division on the appropriate and relevant balance of skills and experience that is needed for the new appointee timeously in order that the ALB Partnership Division can provide advice to the responsible Minister;

- There are adequate arrangements in place for succession (obligation shared with DWP ALB Partnership Division);
- Board members are provided with induction, support, training and timely, relevant information on the terms of their appointment and the duties, rights and responsibilities they need to carry out in their role;
- They, and other appropriate Board members, receive appropriate training on financial management and reporting requirements;
- Adequate arrangements are in place for assessment of HSE Board members;
- A Board Operating Framework is in place setting out the role and responsibilities of the Board consistent with the “Government Code of Good Practice for Corporate Governance”; and
- A code of practice for HSE board members is in place, consistent with the Cabinet Office “Code of Conduct for Board Members of Public Bodies”.

8.6 The Chair will provide advice and informal support to the CE and review their performance against agreed objectives.

Individual board members’ responsibilities

8.7 Individual Board Members should:

- Comply at all times with the “Code of Conduct for Board Members of Public Bodies” and with the rules in “Managing Public Money”, relating to the use of public funds and to conflicts of interest;
- Contribute proactively to the Board across the full breadth of discussions (i.e., beyond any personal areas of responsibility) and, behave corporately;
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- Comply with the Board’s rules on the acceptance of gifts and hospitality, and or business appointments;
- Engage with the ALB Partnership Division before participating in any activities that could present a conflict of interest; and
- Act in good faith and in the best interests of HSE.

9. Annual Report and Accounts

- 9.1 HSE must publish an annual report of its activities together with its audited accounts after the end of each financial year.
- 9.2 The annual report will outline HSE’s main activities, its performance during the previous financial year and set out in summary form forward plans. It must cover any corporate, subsidiary or joint ventures under its control.

- 9.3 The annual report and accounts will be prepared in accordance with the relevant statutes and with the specific Accounts Direction issued by DWP and comply with the HMT's Financial Reporting Manual (FReM) (see Appendix 1), including:
- Submitting a draft of the annual report to DWP ALB Partnership Division by a date mutually agreed each year, allowing DWP to provide comments, if required; and
 - Providing DWP with its final (audited) accounts each year by the mutually agreed deadline, in order for the accounts to be consolidated within DWP's accounts.
- 9.4 The annual report and accounts will be laid in Parliament by the responsible Minister and made available on HSE's website.

10. Internal audit

- 10.1 HSE's internal audit function is provided by Government Internal Audit Agency (GIAA). HSE is responsible for:
- Ensuring that GIAA has complete access to all relevant records including where the service is contracted out;
 - Establishing and maintaining arrangements for internal audit in accordance with the HMT's "Public Sector Internal Audit Standards";
 - Maintaining a framework and remit for its decision-making bodies that sets out clearly how internal decisions are made, and by whom, and ensures that they are recorded;
 - Ensuring the audit strategy, periodic audit plans, and annual audit report, including GIAA's opinion on risk management, control and governance are forwarded to ALB Partnership Division, in accordance with the ARAC timetable. In addition, ensuring the ALB Partnership Division is invited to observe ARAC meetings; and
 - Keeping records of fraud and theft suffered by HSE and preparing and forwarding to DWP an annual report accounting for this, as well as notifying DWP of any unusual or major incidents as soon as possible.

11. External audit

- 11.1 The Comptroller and Auditor General (C&AG) will audit HSE's annual accounts.
- 11.2 HSE will be subject to external audit. This will be conducted by the National Audit Office (NAO), or their appointed contractors, in respect of finance and value-for-money audits required by Parliament, and by other bodies appropriate to the audit of technical ability, service delivery, quality and standards.
- 11.3 The C&AG:
- Has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from HSE;
 - Will share with DWP information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on DWP responsibilities in relation to financial systems within HSE; and

- Will, where asked, provide Regulatory Compliance Reports and other similar reports which DWP or HSE may request at the commencement of the audit and which are compatible with the independent auditor's role.

- 11.4 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which HSE has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, HSE shall provide, in conditions to grants and its contracts, for the C&AG to exercise such access to documents held by contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.
- 11.5 HSE does not have or control any subsidiary companies, and will obtain DWP approval before creating any new subsidiary companies.
- 11.6 If HSE sets up future subsidiaries it will ensure that the C&AG is appointed auditor of any subsidiaries that it controls or whose accounts are consolidated within its own accounts. HSE will discuss the procedures for appointing the C&AG as auditor of the companies with DWP.

Right of access

- 11.7 DWP has the right of access to all HSE records and personnel for any purpose including, for example, sponsorship audits and reviews. This does not include access to documents relating to:

- individual regulatory casework, or
- the Board's deliberations on provision of advice to the Minister,

In making use of this right, DWP will provide reasonable notice and, so far as is appropriate, consult HSE before taking action. This does not override paragraph 10.1 above. HSE will share its full Board agenda and performance-related reports to the Board with the ALB Partnership Division.

12. Managing Public Money and other government-wide corporate guidance and instructions

Financial delegations

- 12.1 Unless agreed by DWP, and, as necessary, HMT, HSE shall follow the principles, rules, guidance and advice in HMT's "Managing Public Money", referring any difficulties or potential bids for exceptions to the ALB Partnership Division in the first instance. HSE will comply with the guidance and instructions in Appendix 1.
- 12.2 Once HSE's budget has been approved by DWP, and subject to any restrictions imposed by statute, the responsible Minister's instructions, or by the provisions of this Framework Document and the delegations outlined below, HSE shall have authority to incur expenditure and raise income approved in its budget without further reference to DWP, on the following conditions:
- HSE shall comply with the delegations as set out in a letter provided by DWP. These delegations will not be altered without the prior agreement of DWP;

- HSE shall comply with HMT's "Managing Public Money" regarding novel, contentious or repercussive proposals;
- HSE shall seek formal Departmental approval where any proposed expenditure is outside the delegated limits or is for significant changes or new schemes not previously agreed; and
- HSE shall provide DWP with information about its operations, performance, individual projects or other expenditure as reasonably requested by DWP.

Charged services

- 12.3 HSE is authorised to optimise the utilisation of its assets by selling services and products to other parts of government and to wider markets. HSE will set fees, charges and levies in accordance with HMT's "Managing Public Money" and HSE's budget.
- 12.4 Unless otherwise agreed, all HSE income will be treated as negative public expenditure and thus is offset against its Resource Departmental Expenditure Limit (DEL). Proceeds from the sale of assets will reduce Capital DEL. See also para. 17.1 – Grant in Aid.
- 12.5 HMT has the discretion to cap HSE income at any financial level. HMT can also override this requirement in the light of wider Government funding requirements or following changes to legislation.

13. Corporate governance

Corporate Governance Principles

- 13.1 Corporate Governance arrangements for HSE should align with relevant principles in the "Code of Practice on Corporate Governance in Central Government Departments". The HSE Board should ensure that its approaches reflect any changes in this document as it evolves from time to time.

Composition of the Board

- 13.2 The HSE Board has a prescribed structure as set out in Schedule 2 of HSWA and consists of a Chair and at least 7 and no more than 12 non-executive Board Members, who have a balance of skills and experience appropriate to directing HSE's business.
- 13.3 The HSWA, schedule 2 allows for the Office for Nuclear Regulation (ONR) to appoint a non-executive member of the ONR Board to the HSE Board. A complementary provision, which allows HSE to appoint a non-executive member of the HSE Board to the ONR Board, is also provided through the Energy Act 2013, Schedule 7.

Appointments

- 13.4 The Secretary of State appoints the Chair and HSE Board members in accordance with Schedule 2 of the HSWA.
- 13.5 In appointing Board members, the relevant organisations representing employers, employees, local authorities will be consulted and the devolved administrations and bodies representing other relevant groups may also be consulted. HSE Board

members appointed after such consultation have a role in maintaining links with the relevant stakeholders.

- 13.6 All HSE Board appointments will comply with the Commissioner for Public Appointment's "Code of Practice for Ministerial Appointments to Public Bodies" and any Cabinet Office guidance.
- 13.7 The HSE Chair and Board members' terms of appointment and terms and conditions are set out in their contracts.
- 13.8 The HSE Board appoints the HSE CE, with the consent of and on terms and conditions determined by the Secretary of State.
- 13.9 The HSE CE is a civil servant employed by HSE and is part of the Senior Civil Service. At all times they are subject to the prevailing rules that govern the conduct of Civil Servants or that determine the propriety of action which Civil Servants may take, including "The Civil Service Code" and any central guidance that may from time to time be issued by DWP, HMT and the Cabinet Office.

14. Risk management

- 14.1 HSE shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance. It will develop and maintain a risk management strategy, in accordance with HMT's "Management of Risk: Principles and Concepts" (The Orange Book) (see Appendix 1).
- 14.2 HSE should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with HMT's "Fraud and the Government Internal Auditor" (see Appendix 1). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

15. Strategic and business plans

- 15.1 HSE will provide, at times agreed with DWP, its strategic plan which will reflect the strategic direction, priorities (including any as set from time to time by the responsible Minister), and objectives, both for the health and safety system and HSE for at least three years ahead. HSE will agree with the ALB Partnership Division any issues DWP would like to be addressed in the plan.
- 15.2 To support the delivery of the strategic plan, HSE will prepare an annual Business Plan (approved by the HSE Board) which will include key performance indicators and milestones for the year immediately ahead and budgeting information (see below). The Business Plan will not be finalised until it has been agreed with ALB Partnership Division.
- 15.3 The following key matters will be included in the plan:
 - A description of the context in which HSE operates;
 - Key objectives, associated actions, milestones and key financial and non-financial performance targets for the forward year;
 - Key aspects of the risk management strategy (see 14.1 above); and

- A review of performance in the preceding financial year, together with comparable outturns for the previous 2 years, and an estimate of performance in the current year;
- Other matters as agreed between DWP and HSE.

15.4 The strategic and business plans will be published by HSE on its website and be made available to staff.

16. Budgeting procedures

16.1 Each year, in the light of HSE's draft Business Plan, DWP will send a formal statement to the HSE CE of the allocation to HSE of Grant in Aid, after its Departmental annual budgetary provision is confirmed by HMT.

16.2 HSE's annual Business Plan will take account of this approved funding provision and will include a budget of estimated payments and receipts and income over the year.

16.3 DWP Finance in conjunction with ALB Partnership Division, will:

- Work with HSE to refresh and submit financial plans at both the Summer and Winter Planning stages each year in line with continuous financial planning arrangements; and
- Inform HSE of any changes affecting its business and any other issues that would affect the available resource in the relevant Spending Review period.

16.4 The HSE CE will be informed by letter of any adjustment in the allocation to HSE of Grant in Aid after the initial allocation, with any associated adjustment to objectives, actions, milestones and/or targets.

17. Financial provision: Grant in aid, Fees, Charges and Commercial Services

Grant-in-aid and any ring-fenced grants

17.1 Any Grant in Aid provided by DWP for the year in question will be voted in the DWP's Supply Estimate and be subject to Parliamentary control. The Grant in Aid is set as a Resource Departmental Expenditure Limit (DEL), i.e., an agreed forecast of the amount required to fund HSE's activities for the year, where not otherwise funded by charges, fees or commercial income.

17.2 Under the cash management arrangements agreed between the Government Banking Service (GBS), HMT and DWP, HSE provides monthly forecasts of cash flow and supply requirement in an agreed format. DWP funds HSE's GBS account at the end of the month. The grant in aid will normally be paid in monthly instalments on the basis of written applications showing the evidence of need. HSE will comply with the general principle that there is no payment in advance of need. HSE shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

17.3 Grant in aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant in aid is delayed to avoid excess cash balances at the year-end, DWP will make available in

the next financial year any such grant in aid that is required to meet any liabilities at the year end, such as creditors.

Fees and Charges

17.4 HSE may charge fees and charges for its regulatory and other statutory functions in accordance with any fees regulations in place and with HMT's "Managing Public Money" guidelines on setting such fees and charges. HSE will ensure that the basis of such fees and charges is transparent to those who may incur charges.

17.5 HSE will reach agreement with the ALB Partnership Division and DWP Finance before proposing to the Minister any significant changes to the structure or format of its fees and charges (and therefore to the relevant fees regulations).

Provision of commercial services

17.6 HSE should make use of its public assets, staff and facilities to deliver support or services to other public and private sector customers, in line with its general purposes and powers under HSWA or in accordance with any agreements it has entered into with other departments. This could include activities in both Great Britain and in international markets. It should undertake such commercial work, sub-contracting as necessary, in accordance with HMT's "Managing Public Money" guidelines on the provision of commercial services to the wider market.

18. Reporting performance to DWP

18.1 HSE will develop and operate accounting and management information systems that enable its management and Board to effectively assess delivery of its business plan, including its performance against key performance indicators, milestones for the year immediately ahead, assessment of risks and its budget (see section 16). HSE will inform the ALB Partnership Division of any changes that make achievement of objectives more or less difficult.

18.2 HSE's performance will be reviewed formally at Partnership Board Quarterly Accountability Reviews (QAR) which also provide an opportunity to discuss the implications of relevant developments (such as changes to Ministerial priorities) and to facilitate an on-going effective steward / HSE working relationship.

18.3 The Partnership Board will be chaired by the Head of the ALB Partnership Division with HSE's CE and Finance Director. HSE will provide performance information, in an agreed format to support the QAR.

18.4 The Partnership Board QARs do not duplicate or replace the HSE Board's role in accountability for HSE's governance and management, nor the CE's Accounting Officer role.

Financial monitoring information

18.5 HSE will report monthly on financial performance:

- HSE's cash management;
- Its draw-down of grant-in-aid;
- Forecast outturn by resource headings; and

- Other data required by the Online System for Central Accounting and Reporting (OSCAR).

HSE / DWP financial liaison

18.6 DWP's Finance Director General and HSE's Finance Director and officials will liaise regularly to review HSE's financial performance against plans, and its achievement against targets, including income raised and expenditure against its DEL allocations (see para. 16.1). HSE's finance team are provided with access to DWP finance training and other support.

19. Delegated authorities

19.1 The Head of the ALB Partnership Division will issue to the CE a statement of delegated authorities in relation to expenditure of HSE's Grant in Aid, including the Cabinet Office's spending controls. This will be reviewed periodically.

19.2 HSE shall obtain DWP's prior written approval before:

- Entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in HSE's annual budget as approved by DWP. As a minimum the request will require sign-off by HSE's Accounting Officer, Finance Director or other official with full delegated powers before being sent to DWP which will obtain approval from DWP's Finance Director General and HMT as necessary;
- Incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- Making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DWP;
- Making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; and
- Carrying out policies or actions that go against the principles, rules, guidance and advice in HMT's "Managing Public Money".

20. Other delivery requirements

Business continuity and contingency plans

20.1 HSE is responsible for ensuring that it has in place robust, up to date, fit for purpose and flexible business continuity management (BCM) arrangements, supported by competent staff, which allow HSE to maintain, or as soon as possible resume, provision of key products and services in the event of disruption. BCM arrangements must be tested and reviewed at least annually or following significant organisational change.

Media

20.2 HSE will maintain a press office for handling contact with the media / press and queries about its activities. HSE may deal directly with the media as set out in an exemption to "The Civil Service Code", agreed with DWP. Where appropriate, HSE Press Office will liaise with DWP Press Office.

Official records and transparency

- 20.3 HSE is a public authority in its own right for the purposes of the Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIR). It will maintain its own publication scheme and ensure that the public can, on request, be given access to information, in accordance with these statutory obligations and respond to the Information Commissioner where appropriate.
- 20.4 HSE will manage official records as required by the Public Records Act (PRA) and will also comply with the Re-use of Public Sector Information Regulations (RPSIR).
- 20.5 HSE will maintain its data sets on the data.gov.uk website and contribute further datasets, as appropriate, to the National Information Infrastructure hosted on that site. HSE will include transparency information on its website and in its Annual Report, as required by relevant guidance.

Data and cyber security

- 20.6 HSE will ensure that any personal data is gathered and handled in accordance with the General Data Protection Regulations (GDPR), and the DPA 2018 for law enforcement purposes. In particular, that personal data is managed in accordance with the principles of GDPR,
- Lawfulness, fairness and transparency
 - Purpose limitation
 - Data minimisation
 - Accuracy
 - Storage limitation
 - Integrity and confidentiality (security)
 - Accountability
- 20.7 HSE has effective measures in place to defend against cyber-attacks on its electronic data. HSE's security policies set out how HSE staff must ensure that they personally handle data in compliance with the policy and how that will be monitored.

Public comments, complaints and Ministerial correspondence

- 20.8 HSE will handle comments, suggestions and complaints in accordance with its clear procedure and in line with the Parliamentary and Health Service Ombudsman's "Principles of Good Complaint Handling". HSE will publish guidance on submitting complaints to it on its website.
- 20.9 HSE will respond to letters on behalf of Ministers or provide information for a Minister to include in a Ministerial response, where the issue raised means that it is appropriate for it to do so. HSE will liaise with the DWP Correspondence team to manage such requests.

21. Recruitment, pay and personnel management

Employee Status

- 21.1 HSE staff are Civil Servants. HSE employs them on terms and conditions that are subject to the Minister for the Civil Service's regulations and instructions in the "Civil Service Management Code". HSE staff are subject to the "The Civil Service Code" that sets out standards of behaviour expected of them and other civil servants.
- 21.2 HSE's SCS appointments, including the CE, will have the status, pay arrangements and other conditions of service which are common to the Senior Civil Service, except where contracts state otherwise.

Human Resource responsibilities

- 21.3 HSE has responsibility for its human resource issues, including the recruitment, retention and motivation of staff. It will act in accordance with any limitations set out in this framework document, including such guidance issued from time to time by the Central Departments (including HMT, Cabinet Office and the Civil Service Commissioners), the terms of any Departmental agreements and statutory obligations. Subject to these limitations, HSE has the authority to shape its human resource strategies, determine associated spend and manage its resources flexibly to enable cost effective delivery of services.

Pay and Grading

- 21.4 HSE has delegated responsibility for pay and grading arrangements for employees below SCS. This includes determining pay and reward arrangements, which best meet the business needs, within the general pay structure DWP sets via the annual pay remit, and which are consistent with HMT's pay remit guidance, Cabinet Office protocols and public sector pay policy. HSE may operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by DWP.
- 21.5 The rates of pay and non-pay allowances paid to staff and any other party entitled to payment in respect of travel expenses or other allowances shall be made in accordance with "The Civil Service Management Code", except where prior approval has been given by DWP to vary such rates.
- 21.6 Staff terms and conditions should be set out in an Employee Handbook, as hard copy or on an accessible website. DWP should be given access to the Handbook when requested.
- 21.7 HSE will comply with the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

Pensions, redundancy and compensation

- 21.8 HSE staff shall normally be eligible for a pension provided through the standard Civil Service pension arrangements.
- 21.9 Any proposal by HSE to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of DWP other than for individual cases relating to efficiency departures on the grounds of health which do not require DWP approval. Proposals on severance must comply with the rules in HMT's "Managing Public Money".

Staff appraisal and development

- 21.10 HSE will have appropriate mechanisms to facilitate the effective management and development of staff. This will include arrangements for satisfactory appraisal of the performance of its staff at all levels and for acquiring the appropriate professional, management and other expertise to achieve its objectives. HSE has the authority to determine associated non-pay spend on learning and development and recruitment within its agreed budget.
- 21.11 HSE is responsible for establishing and keeping under review its management structure, and implementing any changes which may affect employee numbers as appropriate to its functions and the requirements of economy, efficiency and effectiveness.
- 21.12 HSE has the freedom to create and re-grade posts below SCS and, subject to any centrally required processes (such as the Civil Service Commissioners' recruitment principles), to make appointments (including temporary, substantive or personal promotions) to such posts. Subject to its delegated authorities, HSE shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Grievances and appeals

- 21.13 HSE is responsible for ensuring that all cases involving personal grievances are properly and reasonably considered in line with its procedures.

Whistleblowing procedures

- 21.14 HSE will ensure that whistle-blowing procedures are consistent with the Public Interest Disclosure Act.

Equal opportunities and valuing diversity

- 21.15 HSE will ensure that it develops a programme of action on equal opportunities and valuing diversity which is consistent with central government guidance and other statutory requirements.

Employee Relations

- 21.16 HSE is responsible for maintaining good employee relations. In exercising this responsibility, suitable arrangements, in consultation with representatives of the staff, will be put in place.
- 21.17 HSE should ensure a code of conduct for staff is in place based on the Cabinet Office "Model Code for Staff of Executive and Non-departmental Public Bodies".

Personnel records and information

- 21.18 HSE is responsible for maintaining accurate personnel records for staff and will make available to DWP such information about staff as it reasonably requires.

Health and Safety

- 21.19 HSE is accountable for all matters of health and safety associated with its business activities and will ensure that resources, structure and arrangements are adequate for delivering effective performance.

HSE Board Member contracts

21.20 The responsible Minister will approve the Board members' terms and conditions, including remuneration and reimbursement of expenses incurred carrying out duties for HSE. All Board member contracts will be issued by DWP and managed by HSE and will follow civil service guidelines for such contracts.

22. Review of ALB's status (and winding-up arrangements)

22.1 HSE's status, its efficiency and effectiveness, and its corporate governance arrangements will be reviewed periodically in accordance with Cabinet Office guidance. The ALB Partnership Division will manage the form, timing and arrangements for the reviews, having discussed these with the HSE Chair and CE.

Arrangements in the event that the ALB is wound up

22.2 Should it be required, DWP shall put in place arrangements to ensure the orderly winding up of HSE. In particular, DWP should ensure that the assets and liabilities of HSE are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities should revert to DWP. To this end, DWP shall:

- Ensure that procedures are in place in HSE to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- Specify the basis for the valuation and accounting treatment of HSE's assets and liabilities;
- Ensure that arrangements are in place to prepare closing accounts and pass them to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts; and
- Arrange for the most appropriate person to sign the closing accounts. In the event that another arms' length body takes on the role, responsibilities, assets and liabilities, the Accounting Officer of the successor should sign. In the event that DWP inherits the role, responsibilities, assets and liabilities, DWP's PAO should sign.

22.3 HSE shall provide DWP with full details of all agreements where HSE or its successors have a right to share in the financial gains of developers. It should also pass to DWP details of any other forms of claw-back due to HSE.

Signed Peter Schofield

Peter Schofield
Permanent Secretary, DWP
(On behalf of DWP)

Date 27/3/19

Signed David Snowball

Dr David Snowball
Acting Chief Executive, HSE
(On behalf of the ALB)

Date... 13.3.19

APPENDIX 1

Government-wide corporate guidance and instructions

HSE should comply with the following general guidance documents and instructions:

- This document
- Appropriate adaptations of sections of *Corporate Governance in Central Government Departments: Code of Good Practice*
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>
- *Code of Conduct for Board Members of Public Bodies*
http://www.civilservice.gov.uk/wp-content/uploads/2011/09/code-of-conduct_tcm6-38901.pdf
- *Code of Practice for Ministerial Appointments to Public Bodies*
<https://www.gov.uk/government/publications/code-of-practice-for-ministerial-appointments-to-public-bodies>
- *Managing Public Money (MPM)*
<https://www.gov.uk/government/publications/managing-public-money>
- Public Sector Internal Audit Standards
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>
- Management of Risk: Principles and Concepts
<https://www.gov.uk/government/publications/orange-book>
- Government Financial Reporting Manual (FReM),
<https://www.gov.uk/government/publications/government-financial-reporting-manual>
- Relevant Dear Accounting Officer letters
<https://www.gov.uk/government/collections/dao-letters>
- Regularity, Propriety and Value for Money
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples>
- Partnerships between Departments and ALBs: Code of Good Practice
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594345/Partnerships_between_departments_and_arm_s_length_bodies-code_of_good_practice.pdf
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice)
- HM Treasury Guidance on Tackling Internal Fraud
http://webarchive.nationalarchives.gov.uk/20130102192905/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf
- Appropriate adaptations of sections of Model Code for Staff of Executive Non-Departmental Public Bodies (Cabinet Office)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts
- Other relevant instructions and guidance issued by the central Departments
- Specific instructions and guidance issued by DWP
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to HSE.